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Thoughts about software from just another software developer who also ru... the mar...

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Magazine Advertising Guide for Small ISVs

Q: What's the difference between buying magazine ads and setting dollar bills on fire?

A: Flaming cash actually produces a benefit, since it generates heat.

Magazines offer the most traditional form of advertising. The model is simple: Content is the hook which brings readers. Advertisers pay to have their commercial message intermingled with the content. However, there are two big problems with print advertising for a small ISV:

- It's very expensive.
- It generates a benefit which is intangible and impossible to measure with any precision or accuracy.

Some will claim that you *have* to advertise if you want to succeed. Horse hockey. Succeeding as a small ISV is about choosing what kind of mistakes you want to make. You can safely make plenty of mistakes as long as you don't make any of the fatal ones. If you can't afford it, spending too much on advertising is a *big* mistake. On the other hand, if you don't advertise when you should, that's probably a *small* mistake. Which of these mistakes has the greater potential to be fatal?

For most small ISVs, print advertising is just not an appropriate use of funds. For example, a full page color ad in a major software development magazine will cost over $10,000. How many copies of your product would you have to sell in order to pay for that ad? Frankly, ten thousand lottery tickets might be a better investment.

Despite all my advice to the contrary, sometimes you *should* do print advertising. We do. People

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are more likely to remember and recognize you if they have repeated impressions from a regularly appearing ad. In the sections below I will pass along some of the things we have learned over the years. But remember. You don't have to feel guilty or unprofessional if you choose not to run magazine ads. You can always start later.

In the end, if you just can't decide whether to run magazine ads, flip a coin. If it comes up "heads", 16 times in a row, then you should be spending more money on print advertising. :-)

By the way, choosing not to run print ads doesn't mean you can't advertise. Online advertising is a much better way to get started. Regardless of how small your company is, you should be advertising on Google.

Guidelines for Getting Started

Start small.

You don't need to be running full-page ads right from the start. It's much cheaper to run 1/4 page or 1/3 page stuff. In fact, sometimes these ads actually get more attention because they will share their page with the content of an article.

Also, you should start out by running your ads every-other-month instead of every month. It's an easy way to cut your cost in half and still get repeated impressions over time.

Keep the ad simple.

Don't try to squeeze your whole data sheet into a 1/4 page ad. Nobody will read all that stuff anyway. Your ad should have plenty of empty space in it, and it should deliver one very simple message. The reader will spend less than one second looking at your ad. What do want them to see?

Don't hire an agency.

Hiring a marketing firm is a terribly expensive way to go. These firms will try to get deeply involved in your company. They want to help you with marketing strategy, tactics, and execution. Their goal is to weave themselves into the tapestry of your firm so that it will be difficult to remove them later. Often these firms do excellent work, but the cost can be incredibly high. You can get excellent results with a Do-It-Yourself approach.

Do hire a graphic designer.

Running an ugly ad is worse than nothing at all. You probably need to find a freelancer to

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help. Find someone who is a Photoshop expert. Find someone with the ability to create designs which are nice-looking and clean. Ask to see their work.

Before you commit, tell them you expect to own full copyright on the results and you expect them to give you the original Photoshop file, not just the GIF/JPG/PNG versions. By holding on to the PSD file, the designer is trying to lock you in and prevent you from making minor changes yourself. This is like buying custom software and getting compiled binaries instead of source code.

At SourceGear we've worked with quite a few designers over the years, ranging from $20/hour up to $80/hour. In a large metro area the rates are probably higher.

"Boring" is bad.

Ad space is expensive so you really need to use it wisely. Unfortunately, most people don't. Pick up your favorite computer-related magazine and browse the ads. Isn't it amazing how unimpressive some of them are?

I admire ads with just the right amount of creativity, ads with a clever but subtle sense of humor. Check out this ad I saw a few months ago for REALbasic. I suppose this is on borderline of being cheesy, but I laughed, and I remembered their message. Sometimes an ad can't do much better than that.

It's worth the time to brainstorm and try to come up with a creative idea. Good ideas can come from anywhere, but you have to spend time throwing spaghetti against the wall in order to find out what sticks. Gather everyone in your company and agree to just spew ideas without stopping to really critique them. It will take a little while to get things flowing. Eventually the idea flow will slow to a trickle. Then it's time to start sifting the good ones from the bad ones.

If you really want to ignore my advice, you can hire a marketing firm to do this. But why? Brainstorming marketing ideas is fun. Why should you pay them $200 per hour to do fun stuff while you sit alone trying to find a memory leak?

I hope you don't mind a little shameless tooting of our own horn: Here at SourceGear, we're rather proud of our latest marketing effort. We're promoting SourceGear Vault as if it were a movie. We produced a short "trailer" video and we're running magazine ads which resemble a movie poster. The packaging for our product is in the style of a movie DVD. We've got full-sized movie posters as well. Several people have told us that it the best marketing campaign they've ever seen for a software product. *(Kudos to Scott Boesch, the guy at SourceGear who made this campaign happen.)*

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But "cheesy" is much worse.

Not everyone is creative. Sometimes when we try to be clever we actually end up with something dumb or trite. If you can't find an idea with a little bit of subtle cleverness, just run an ad with a simple, professional message

Choosing Where to Place Your Ad

As a small ISV, your whole marketing approach should be targeted at one "very small, very focused niche". Choosing a magazine for your ads is simply a matter of figuring out what those people are reading.

By the way, you do have a "very small, very focused niche", right? If you're thinking about advertising now, you should have figured this part out a long time ago. Before you even get started building a product, you need to describe that people who you want to buy it. The biggest and most common marketing mistake is aiming for too big of a market. It's counterintuitive, but the way to succeed is to find a very small group of people and make sure those people love your product. Tackle larger markets after you win small ones. Walk before you run.

So, if you are thinking that you need a magazine with enormously wide distribution, that's a symptom that you don't really have a target niche. Magazines like Newsweek and Sports Illustrated are completely out of the question, and the prices might astonish you. For example, the inside front cover spread for Sports Illustrated is over $500,000 per issue. Marketing to the mass consumer market is a scary world, and you don't want to play there. Even magazines like PC World are probably too broad for a small ISV. You need to find a magazine with a readership of less than 100,000 people, many of which are in your target niche.

In all likelihood, you will find several magazines which are appropriate for your target niche. You need to narrow the list down to just one, maybe two. Your next step involves talking to one of the magazine's ad sales people.

Ad Sales People

Magazine ads are sold by sales people. Their job is to convince you to buy ads. More specifically, their job is to convince you that everything I'm saying in this article is not true. :-)

A good advertising sales person can be very convincing. They know that advertising is really just black magic, so they try to convince you otherwise by spreading a thin veneer of science over everything. They will show up with all kinds of data and statistics. They will have studies and surveys and charts and tables which describe the demographics of their readership. By the end of their presentation, you will be hypnotized, ready to give them all your money. Try to resist. Once

they leave the room, the spell will be broken.

One way or another, you need lots of information to make a good decision:

- Ask the magazine how many readers they have. Be sure to also ask if their circulation figures are "audited" by an independent third-party firm. If their numbers are not audited, they might have just made them up.

- Ask the magazine to describe their readers. Make sure you ask them this question *before* you describe your target niche to them. If you tell them who you are trying to reach, they will simply paraphrase it back to you and claim that their readership is exactly the right fit for your promotional needs. :-)

- Call a few people in your niche and ask them their opinion of the magazine.

- Get several issues of the magazine and study the ads:

  o Are any of your competitors advertising there? If somebody else is trying to reach the same niche by advertising in this magazine, then maybe you need to be there too.

  o How big are the companies advertising in this magazine? If all the companies advertising in this magazine are much larger than yours, this may not be the right place for you to be. Huge companies don't always need a "very small, very focused niche". They can afford to market their image alone, like those funny TV commercials you see from IBM. If a magazine is only selling ads to really big companies, their readership may not be as targeted as you would like.

  o Count the "house ads". When a magazine fails to sell ad space, they usually run a "house ad", an advertisement for their own magazine, or one of their sister magazines, or an event they are sponsoring. For example, the December 2002 issue of .NET magazine has an ad for Visual Studio magazine on the inside back cover. That's a house ad. Both these magazines are run by Fawcette. If a magazine issue has lots of house ads, that means the magazine is having trouble selling ad space. Like a house that's been sitting on the market for too long, you should wonder why you should want to be there when nobody else does.

SourceGear is a developer tools company so there are lots of good places to run our ads. Our products are generally Windows-centric, so we are in Visual Studio Magazine and MSDN. We're also interested in SD considering CoDe, but haven't actually placed any ads there yet. We're also interested in SD Times, which is targeted more at management and describes itself as more of a newspaper than a magazine. For now we are staying away from magazines like Dr. Dobb's. It's a fine magazine and quite popular, but our dollars are better spent right now in places which have a more Windows-

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centric readership.

Buying the Ad

Your sales person will quote your rates using a "rate card", which is nothing more than a pricing chart. Some magazines actually publish their rate card online. By doing a Google search on the keywords "rate card" I found a few examples:

PC World

Business 2.0

Visual Studio Magazine

Obviously, the bigger the ad, the more expensive it is. Note that special placements cost extra. For example, the back cover ("cover 4") is often the most expensive ad in the magazine. For just over a hundred thousand dollars, you can buy the back cover of PC World magazine, or a three bedroom home in central Illinois.

The pricing on the rate card is sometimes negotiable. You might as well try. Even if they won't reduce the price, ask them to throw in some freebies. For example, they might give you some free online web ads if you buy their print ads. We never buy ads without asking for something we're not supposed to get. :-)

Ad pricing is structured to encourage you to make long commitments. If you only want to place an ad one time, you will pay full price. If you sign a contract for six insertions, you can get a price break on a per-insertion basis. On the rate card this is called a "6X" rate. An even bigger discount comes when you commit to place your ad in every issue they publish for a full year (or longer). This is usually a 12X rate, but can be even more if magazines do special issues in between their regular monthly edition.

SourceGear is on a 14X contract with Visual Studio Magazine right now. That means we've promised to place a full page ad in every issue for 2003, including their 2 special issues. A contract this long can get painful if you change your mind later or if cash gets tight. Don't sign a full-year contract the first time you place a magazine ad.

A contract can be cancelled but you'll have to pay them a "short rate" penalty. Basically, they won't let you run 6 insertions at a 12X rate. If you sign a 12X contract and quit after 6, you'll have to retroactively pay the 6X rate, and perhaps a little more for their trouble.

What Happens After Your Ad Runs

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Most people try to measure the effectiveness of their ads. I admit that it's nice to hear from someone who saw your ad, but I took too many college science classes to actually believe there is any real data to be found. Remember plotting data in your physics class? A data graph is meaningless without the error bars. Unless you know the precision of your data, it's pretty hard to draw solid conclusions.

No matter how hard someone tries to convince you otherwise, marketing is not science. If you drew a graph of the response rate to a magazine ad, the error bars would be off the ends of the axes. We simply can't measure ad effectiveness with any precision at all.

Finally, be advised that the magazine ad sales people are reading each other's magazines. Once you place your first ad, you are on everybody's radar screen. Expect to get calls from the sales people at every other magazine in the market.